



**Mecklenburg County
Department of Internal Audit**

Financial Services Department
Accounts Payable Follow-Up Audit
Report 1463

March 21, 2014

**Internal Audit's
Mission**

Through open communication, professionalism, expertise and trust, Internal Audit assists executive management and the Audit Review Committee in accomplishing the Board's objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of the County's risk management, control and governance processes in the delivery of services.

**Internal Audit
Contacts**

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**Staff
Acknowledgements**

Eric Davis, CIA, CRMA, Auditor-In-Charge

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<http://charmeck.org/mecklenburg/county/audit/reports/pages/default.aspx>



MECKLENBURG COUNTY
Department of Internal Audit

To: Dena Diorio, County Manager

From: Joanne Whitmore, Director, Department of Internal Audit

Date: March 21, 2014

Subject: Financial Services Department Accounts Payable Follow-Up Audit Report 1463

The Department of Internal Audit has completed follow-up procedures on reported issues from the Department of Finance Audit Report 1162 issued July 18, 2011. The objective of the follow-up review was to determine with reasonable but not absolute assurance whether management took effective and timely action on the issues presented in the audit report.

Internal Audit interviewed key personnel, observed operations, reviewed written policies and procedures and other documents, and tested specific transaction activity where applicable. Internal Audit conducted this audit in conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

RESULTS

There were eleven recommendations in the Department of Finance Audit Report 1162. Internal Audit determined in the Financial Services Department Accounts Payable Follow-Up Audit Report 1363 seven recommendations were fully implemented and four recommendations were partially implemented or open.

As noted in the following **Follow-Up Results** section, Internal Audit determined the four partially implemented or open recommendations noted in Follow-Up Report 1363 have not yet been fully implemented. Management indicates the recommendations are partially implemented and open due to competing priorities and their intention is to fully implement the recommendations by July 2014, and you have accepted this date.

Internal Audit will conduct a follow-up review at a later date to verify the recommendations are fully implemented and working as expected.

The cooperation and assistance of the Financial Services Department staff are recognized and appreciated.

- c: Deputy County Manager
- Assistant County Managers
- Deputy County Attorney
- Senior County Attorney
- Board of County Commissioners
- Audit Review Committee
- Director, Financial Services Department

Follow-Up Results
Department of Finance Accounts Payable Report 1162

- **Fully Implemented** – The audit issue has been adequately addressed by implementing the original or alternative corrective action (X).
- **Open/Partially Implemented** – The corrective action has been initiated but is not complete (P) or the audit issue has not been addressed but management fully intends to address the issue (O).
- **Not Implemented** – The audit issue has not been addressed and management has assumed the risk of not taking corrective action (NI).
- **Withdrawn** – The audit issue no longer exist because of changes in the auditee’s operation (W).

Issue	Risk Observation	Recommendation	Corrective Action Taken			
			Fully Implemented	Open/Partially Implemented	Not Implemented	Withdrawn
1	B. Existing policies and procedures do not provide staff guidance for validation of vendor information prior to setting up new vendors in the master vendor file. Nor do the policies and procedures require a periodic review of the master vendor file to remove or deactivate duplicate or inactive vendors and other maintenance efforts.	<p>B. Develop and implement more comprehensive documented policies and procedures for master vendor file management to improve its accuracy and reliability. Staff should be trained on the policies and procedures. The written policies and procedures should have a framework that establishes, at a minimum:</p> <ul style="list-style-type: none"> a. requirements and process to validate vendor names, addresses, TINs and telephone numbers prior to setting vendors up in the Advantage master vendor file b. requirements to compare new vendors against debarment lists c. timeframe to periodically review and clean up the master vendor file d. procedures to identify and remove or deactivate duplicate or inactivate duplicate vendors e. an independent review of changes to the master vendor file f. data entry requirements, such as vendor naming conventions and critical field entries 		P		

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Department of Finance Accounts Payable Report 1162

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Issue	Risk Observation	Recommendation	Corrective Action Taken			
			Fully Implemented	Open/Partially Implemented	Not Implemented	Withdrawn
	accounts payable activities, such as the percentage of invoices processed timely or the number of duplicate payments made. Such KPIs would articulate expectations, monitor performance and react to shortfalls.	key process objectives.				